



**Government of
Saskatchewan**

Annual Report 1983 - 84

The Saskatchewan Agricultural Returns Stabilization Fund

To His Honour
The Honourable F.W. Johnson
Lieutenant Governor of The Province
of Saskatchewan

Sir:

I have the honour to submit the Annual Report of the
Saskatchewan Agricultural Returns Stabilization Fund for
the twelve months ending March 31, 1984.

I have the honour to be, Sir,
Your obedient servant,

Lorne Hepworth
Minister of Agriculture

Honourable Lorne Hepworth
Minister of Agriculture

Dear Sir:

It is my pleasure to present the Annual Report of the
Saskatchewan Agricultural Returns Stabilization Fund for
the twelve months ending March 31, 1984.

Respectfully submitted,

Jack Drew
Deputy Minister of Agriculture

ANNUAL REPORT
OF THE
SASKATCHEWAN AGRICULTURAL
RETURNS STABILIZATION FUND
1983 - 1984

Annual Report of the
Saskatchewan Agricultural Returns
Stabilization Fund
1983 - 1984

The Fund

The Saskatchewan Agricultural Returns Stabilization Fund was established by the Saskatchewan Agricultural Returns Stabilization Act, 1973. The Fund provides for establishment of stabilization accounts for stabilizing the returns on agricultural commodities produced in Saskatchewan. During 1983-1984, the Fund had three accounts, a Cow Calf to Finish Market Insurance Plan Account and a Feeder Finish Market Insurance Plan Account for beef producers and the Saskatchewan Hog Assured Returns Program Account for hog producers.

The market insurance plans are voluntary. They are intended to ensure a continued supply of beef and pork while maintaining reasonable returns to producers.

The plans are run on the basis that they are viable in the long run i.e. actuarially sound. Participants contribute to the accounts for each plan when they market beef or hogs. The Government matches the contributions. These levies are then used to make payouts when market prices fall below the support level. The protection provided by these plans is designed to reduce the negative impacts of price and production cycles.

Producers must still continue to produce for the market place and receive the majority of their return from the price of the product. The plans cannot protect producers if a market for their product does not exist.

Accounts in the Fund

The Cow Calf to Finish Market Insurance Plan introduced on January 1, 1982 continued operation in 1983-84.

The plan was established using a cost of production support level based on 100 percent of cash costs and 55 percent of non-cash costs.

The plan operates on the basis of a long term levy of 3%. The levy can be adjusted up or down based on the level of the account balance. As the account has been in a large deficit, the levy was 12% for the fiscal year. The Saskatchewan Department of Agriculture, on behalf of the Government of Saskatchewan, contributes one half of the levy and pays the administration costs of the stabilization portion of the plan.

Producer participation is based on the cow herd and coverage is based on 80 percent of the number of cows enrolled in the program to a maximum of 200 finished animals.



The Feeder to Finish Market Insurance Plan began operation on October 4, 1982 and continued operations during 1983-84. The plan supports cattle finished by Saskatchewan residents that have been owned for a minimum of 75 days. The support level is based on 100 percent of cash costs and 50 percent of non-cash costs associated with the purchase and finishing of a 650 lb steer.

The plan operates on the basis of a long term levy of 2 percent of gross receipts from the producer and a matching amount from the Department of Agriculture on behalf of the Government of Saskatchewan. The levy can be adjusted based on the level of account balances. The levy was increased to 2.5% for both producers and Government on January 1, 1984.

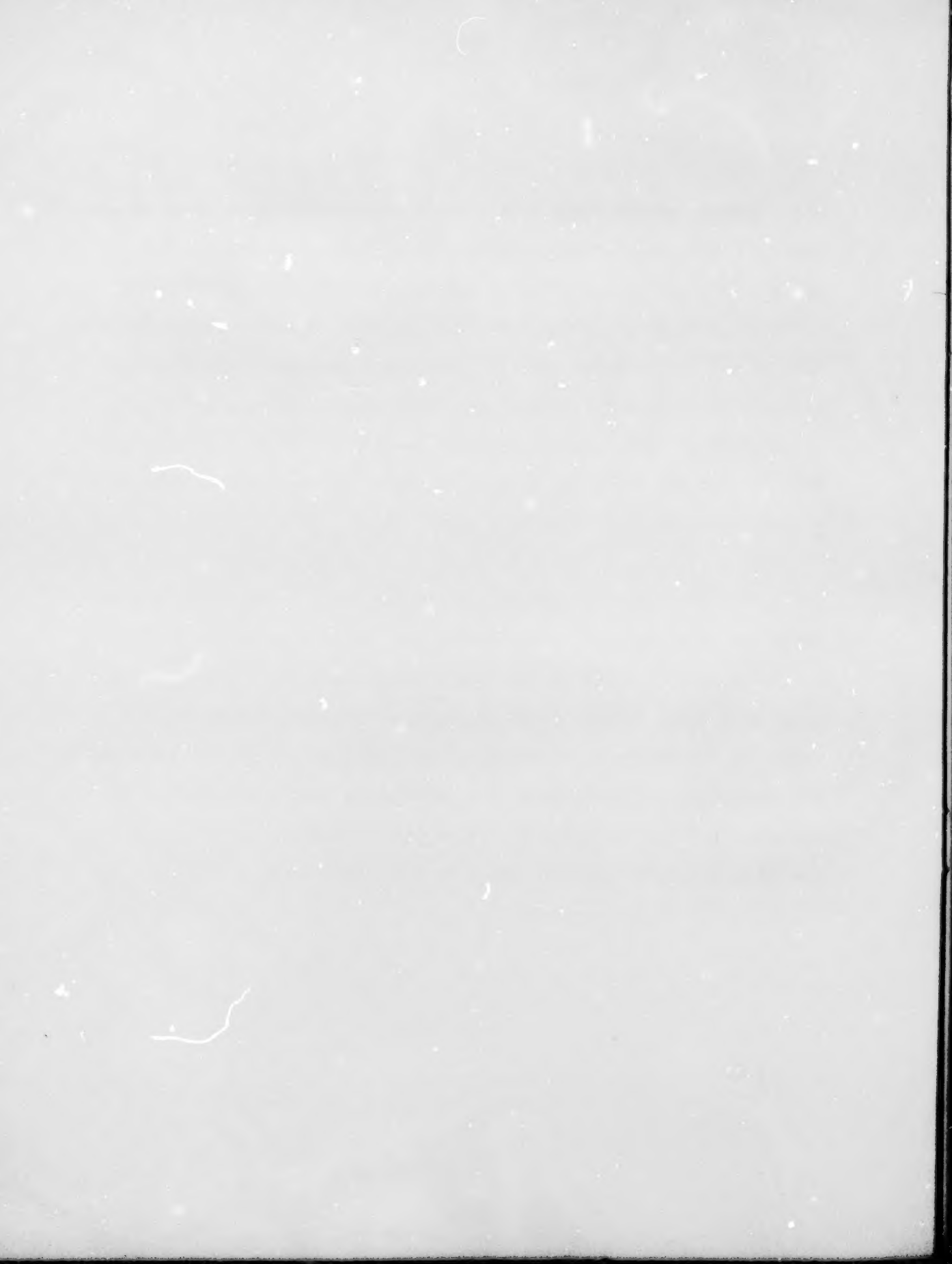
The Saskatchewan Beef Stabilization Board administers the Feeder Finish Plan on behalf of the Department of Agriculture. The administration costs of the Feeder Finish Plan are paid by the Department of Agriculture.

The Saskatchewan Hog Assured Returns Program (SHARP), a stabilization plan for hog producers, continued operations in 1983-84.



SHARP participants receive a guaranteed quarterly support price based on the cost-of-production. The support price was 100 percent of cash costs plus 85 percent of non-cash costs from April 1 to June 30, 1983. On July 1, 1983 the percentage of non-cash costs was reduced to 75%. At the same time, the four quarter moving average restriction on payout hogs and the adjustment payment provision were removed. These changes were made in the recommendation of the Saskatchewan Pork Producers Marketing Board.

The SHARP account is financed by levies on a 50-50 cost shared basis between participating producers and the Department of Agriculture on behalf of the Government of Saskatchewan. The long term levy is set at 6% but can be adjusted based on the level of the account balances. The levy was at 7% for 1983-84. The Saskatchewan Pork Producers Marketing Board continues to administer SHARP on behalf of the Department of Agriculture. Administrative costs were paid by the Department.



Plan Accounts

Each of the three plans made significant payouts during the fiscal year. The level of payouts during each period are outlined on the following pages. The accounts for each of the plans had increased deficits at the end of the fiscal year.

The Cow-Calf to Finish Market Insurance Account ended the year with a deficit including accrued interest and other payables of \$36,969,758. The Feeder Finish Market Insurance Account ended the year with a deficit including accrued interest and payables of \$2,614,390.

The SHARP account had a deficit on March 31, 1984, including accrued interest and payables of \$7,785,202.

COW-CALF TO FINISH
MARKET INSURANCE PLAN

	Average market price	Support level	Average payout	Production Units Participating
(Dollars per cwt, hot dressed weight)				
1983 - 02	1.3352	1.4876	.1524	3069
- 03	1.2082	1.4882	.2799	3128
- 04	1.2576	1.4978	.2555	3128
1984 - 01	1.3706	1.5176	.1466	3208

FEEDER-FINISH MARKET
INSURANCE PLAN

	Average market price	Support level	Average payout	Production Units Participating
(Dollars per cwt, hot dressed weight)				
1983 - Apr	1.371	1.3291	.0419	564
- May	1.365	1.3475	-	-
- Jun	1.303	1.3620	.059	-
- Jul	1.223	1.3704	.1474	565
- Aug	1.213	1.3826	.1696	-
- Sep	1.189	1.3735	.1845	-
- Oct	1.229	1.3720	.143	565
- Nov	1.233	1.3586	.1256	-
- Dec	1.296	1.3559	.0599	-
1984 - Jan	1.366	1.3342	-	945
- Feb	1.365	1.3387	-	-
- Mar	1.382	1.3525	-	-

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SHARP

	Average market	Support level	Average payout	Participants (number)
	(Dollars per cwt)			
1983 - 02	67.89	73.85	5.96	2063
- 03	67.53	71.75	4.22	2128
- 04	59.93	74.07	14.14	2217
1984 - 01	64.58	76.01	11.93	2370



SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

FINANCIAL STATEMENTS

Year Ended March 31, 1984

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

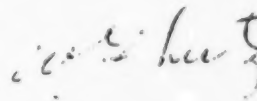


AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of The Saskatchewan Agricultural Returns Stabilization Fund as at March 31, 1984 and the statement of revenue and expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the fund as at March 31, 1984 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
June 15, 1984.

W. G. Lutz, F.C.A.,
Provincial Auditor.

THE SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

Statement 1

BALANCE SHEET

March 31, 1984

	Saskatchewan Hog Assured Returns Program	Cow Calf to Finish Market Insurance Plan	Feeder Finish Market Insurance Plan	1984	1983 (Note 3)
<u>ASSETS</u>					
Cash	\$ 49,889	\$ 825,270	\$ 154,224	\$ 1,029,383	\$ 3,978,923
Contributions receivable					
- Government of Saskatchewan	593,882	1,255,869	389,284	2,239,035	2,536,134
- Saskatchewan Pork Producers Marketing Board	558,353			558,353	247,490
- producers	4,176	58,084	1,452	63,712	75,369
- Saskatchewan Beef Stabilization Board - producers trust account	-	350,703	121,737	472,440	101,814
Accrued interest receivable	-	4,643	482	5,125	-
Accounts receivable	-	-	-	-	-
- Cow Calf to Finish Market Insurance Plan	-	-	251	251	376,912
	\$1,206,300	\$ 2,494,569	\$ 667,430	\$ 4,368,299	\$ 7,316,642

LIABILITIES AND FUND BALANCE

Liabilities:					
Accounts payable - producers	\$2,889,408	\$ 2,321,356	\$ 1,996	\$ 5,212,760	\$ 8,800,229
Loan - Department of Agriculture	5,820,000	35,055,264	3,123,733	43,998,997	28,606,066
Payable to Saskatchewan Beef Stabilization Board - Operating Account	-	150	-	150	152,673
- Producers Trust	-	-	-	-	1,566,881
Payable to Feeder Finish Market Insurance Plan	-	251	-	251	376,912
Accrued interest payable	282,094	2,087,306	156,091	2,525,491	1,870,760
Fund Balance					
Fund deficiency - Statement 2	(7,785,202)	(36,969,758)	(2,614,390)	(47,369,350)	(34,056,879)
	\$1,206,300	\$ 2,494,569	\$ 667,430	\$ 4,368,299	\$ 7,316,642

(See accompanying notes to the financial statements)

THE SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

STATEMENT OF REVENUE AND EXPENDITURE AND FUND BALANCE

For the Year Ended March 31, 1984

	Saskatchewan Hog Assured Returns Program	Cow Calf to Finish Market Insurance Plan	Feeder Finish Market Insurance Plan	1984	1983
Revenue					
Producer contributions					
Government of Saskatchewan	\$ 1,981,765	\$ 4,642,047	\$ 1,232,913	\$ 7,856,725	\$ 7,872,367
Administrative cost recovery - Government of Saskatchewan	1,981,765	4,642,047	1,232,913	7,856,725	7,872,367
Interest	15,300	-	-	15,300	60,000
	-	162,588	41,560	204,148	55,698
	<u>3,978,830</u>	<u>9,446,682</u>	<u>2,507,386</u>	<u>15,932,898</u>	<u>15,860,432</u>
Expenditure					
Stabilization to producers	7,675,969	12,872,357	4,042,595	24,590,921	29,922,713
Administrative costs	15,300	-	-	15,300	60,000
Loan interest	538,839	3,885,394	210,128	4,634,361	2,656,025
Bank charges	-	4,200	587	4,787	-
	<u>8,230,108</u>	<u>16,761,951</u>	<u>4,253,310</u>	<u>29,245,369</u>	<u>32,638,738</u>
Excess of revenue over expenditure (expenditure over revenue)	(4,251,278)	(7,315,269)	(1,745,924)	(13,312,471)	(16,778,306)
Fund balance (deficiency), beginning of year	(3,533,924)	(29,654,489)	(868,466)	(34,056,879)	(17,278,573)
Fund balance (deficiency), end of year	<u>\$(7,785,202)</u>	<u>\$(36,969,758)</u>	<u>\$(2,614,390)</u>	<u>\$(47,369,350)</u>	<u>\$(34,056,879)</u>

(See accompanying notes to the financial statements)



THE SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 1984

1. Authority and Accounting Policies

a) Establishment of Program

Saskatchewan Hog Assured Returns Program (SHARP)

This program was established in 1976 under regulations issued pursuant to the Saskatchewan Agricultural Returns Stabilization Act, 1975. These regulations have been revoked and the program continues under The Saskatchewan Hog Assured Returns Program Regulations, 1983 (Order-in-Council 998/83) effective July 1, 1983. These regulations were subsequently amended by Order-in-Council 1399/83 effective September 15, 1983.

Cow Calf to Finish Market Insurance Plan

This Plan was established under regulations authorized by Order-Council 457/83 pursuant to the Saskatchewan Agricultural Returns Stabilization Act, 1975.

Section 3(2) of the regulations stipulates that the plan is to be reviewed on January 1, 1987. Provision has been made in the regulations for an earlier review of the plan.

Feeder Finish Market Insurance Plan

This Plan was established under regulations authorized by Order-in-Council 456/83 pursuant to the Saskatchewan Agricultural Returns Stabilization Act, 1975.

Section 3(2) of the regulations stipulates that the plan is to be reviewed on April 1, 1987. Provision has been made in the regulations for an earlier review of the plan.

b) Government Contributions

In accordance with Section 6(2) of The Saskatchewan Hog Assured Returns Program Regulations, 1983 and in accordance with Section 7(2) of both The Cow Calf to Finish Market Insurance Plan Regulations and The Feeder Finish Market Insurance Plan Regulations, the Department of Agriculture, from money appropriated under the Act, remits an amount equal to the amount of levies charged to participants after the end of each quarter.

c) Distribution on Termination

Provision is made in Section 4 of the regulations for a distribution of the fund balance if the program is ended. Any surplus, as determined by the regulations, which remains if the program ends will be shared equally between the participants and the Consolidated Fund of the Province. Any deficit, as determined by regulation, would be repaid by the Department of Agriculture, from money appropriated under the Act.

d) Loans from the Department of Agriculture

The Saskatchewan Hog Assured Returns Program

In accordance with Section 11 of the regulations, loans can be made to the Fund when the balance is insufficient to make payments to participants. Order-in-Council 124/82 authorized loans not exceeding \$7.5 million to be made to the Fund, which will bear interest at a rate calculated April 1 and October 1 each year based on the estimated interest rate on loans to the Province. Subsequent to year end, Order-in-Council 902/84 amended Order-in-Council 124/82 by increasing the loan limit of the S.H.A.R.P. account to \$10 million.

Cow Calf to Finish Market Insurance Plan

In accordance with Section 9 of the Act, loans can be made to the Fund when the balance is insufficient to make payments to participants. Order-in-Council 652/83 authorized loans not exceeding \$40 million to be made to the Beef Stabilization Account, which will bear interest at a rate calculated April 1 and October 1 each year based on the average cost of money to the Province for each six month period.

Feeder Finish Market Insurance Plan

In accordance with Section 9 of the Act, loans can be made to the Fund when the balance is insufficient to make payments to participants. Order-in-Council 651/83 authorized loans not exceeding \$5 million to be made to the Beef Stabilization Account, which will bear interest at a rate calculated April 1 and October 1 each year based on the average cost of money to the Province for each six month period.

e) Administrative Expenses

The Saskatchewan Hog Assured Returns Program (SHARP) is administered by the Saskatchewan Pork Producers Marketing Board, formerly the Saskatchewan Hog Marketing Commission. Up until June 30, 1983, the amount reimbursed to S.H.A.R.P. for costs of administration by the Department of Agriculture which were charged by the Commission is included as revenue in the statement of

1. Authority and Accounting Policies - (continued)

e) Administrative Expenses - (continued)

revenue and expenditure. Effective July 1, 1983 in accordance with the implementation of the regulations authorized by Order-in-Council 998/83, the Minister of Finance reimburses the Commission for costs the Commission incurs as administrator of the plan. Accordingly these amounts are not included in these financial statements.

The Cow Calf to Finish Market Insurance Plan and the Feeder Finish Market Insurance Plan are administered by the Saskatchewan Beef Stabilization Board. The amounts reimbursed directly to the Board by the Department of Agriculture for costs charged as administration are not included in these financial statements. These amounts are included as revenue in the statement of revenue and expenditure of the Board and amounted to \$266,119 for the current fiscal year.

2. Comparative Figures

The 1983 comparative figures include 12 months activities for the Saskatchewan Hog Assured Returns Program and the Cow Calf to Finish Market Insurance Plan and 6 months for the Feeder Finish Market Insurance Plan.

3. Subsequent Event

Subsequent to year-end, the Saskatchewan Pork Producers Marketing Board, as administrator of the plan, approved in principle a transition payment to producers for the two quarters ending June 30, 1983. This payment will total approximately \$60,000 and will be recorded in the 1984/85 statement of revenue and expenditure and fund balance.

POOR

QUALITY

ORIGINAL